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LOK SABHA

The following Bill was introduced in Lok Sabha on the 29th February, 1960:—

*BILL No. 7 OF 1960

A Bill to give effect to the financial proposals of the Central Government for the financial year 1960-61.

BE it enacted by Parliament in the Eleventh Year of the Republic of India as follows:—

1. (1) This Act may be called the Finance Act, 1960.

Short title
and com-
mencement.

(2) Save as otherwise provided in this Act, sections 3 to 17 inclusive shall be deemed to have come into force on the first day of April, 1960.

2. (1) Subject to the provisions of sub-sections (2), (3) and (4), for the year beginning on the 1st day of April, 1960,—

Income-tax
and super-
tax.

10 (a) income-tax shall be charged at the rates specified in Part I of the First Schedule, and, in the cases to which Paragraphs A, B and C of that Part apply, shall be increased by a surcharge for purposes of the Union and a special surcharge, calculated in either case in the manner provided therein; and

11 of 1922. 15 (b) super-tax shall, for the purposes of section 55 of the Indian Income-tax Act, 1922 (hereinafter referred to as the Income-tax Act), be charged at the rates specified in Part II of the First Schedule, and, in the cases to which Paragraphs A, B and C of that Part apply, shall be increased by a surcharge for

*The President has, in pursuance of clauses (1) and (3) of article 117 and clause (1) of article 274 of the Constitution of India, recommended to the Lok Sabha, the introduction and consideration of this Bill.

purposes of the Union and a special surcharge, calculated in either case in the manner provided therein.

(2) In making any assessment for the year ending on the 31st day of March, 1961,—

(a) where the total income of an assessee, not being a company, includes any income chargeable under the head “Salaries” or any income chargeable under the head “Interest on Securities” or any income from dividends from which income-tax has been or might have been deducted under the provisions of section 18 of the Income-tax Act or in respect of which by virtue of section 49B of the Income-tax Act, as continued in force by sub-section (4) of section 19 of the Finance Act, 1959, he is deemed himself to have paid the income-tax imposed under the Income-tax Act, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Finance Act, 1959, on his total income the same proportion as the amount of such inclusions bears to his total income;

(b) where the total income of an assessee, not being a company, includes any income chargeable under the head “Salaries” on which super-tax has been or might have been deducted under the provisions of sub-section (2) of section 18 of the Income-tax Act, the super-tax payable by the assessee on that portion of his total income which consists of such inclusion shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Finance Act, 1959, on his total income the same proportion as the amount of such inclusion bears to his total income.

(3) In making any assessment for the year ending on the 31st day of March, 1959, or for the year ending on the 31st day of March, 1960, or for the year ending on the 31st day of March, 1961, where the total income of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, includes any profits and gains from life insurance business, the super-tax payable by it shall be the aggregate of the tax calculated—

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable to the Life Insurance Corporation of India in accordance with the Finance Act of the relevant year; and

(ii) on the remaining part of its total income, at the rate applicable to the company on its total income.

(4) In cases to which section 17 of the Income-tax Act applies, the tax chargeable shall be determined as provided in that section, and with reference to the rates imposed by sub-section (1).

(5) In cases in which tax has to be deducted under section 18 of the Income-tax Act at the prescribed rates, the deduction shall be made at the rates specified in Part III of the First Schedule.

(6) For the purposes of this section, and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Income-tax Act, and the expression "earned income" has the meaning assigned to it in clause (64A) of section 2 of that Act.

3. In section 19 of the Finance Act, 1959,—

Amendment
of section 19,
Act 12 of
1959.

(i) after sub-section (3), the following sub-section shall be inserted, and shall be deemed always to have been inserted, namely:—

"(3A) The amendments to the Income-tax Act made by section 5, section 7, section 12, section 14 and section 15 shall, in relation to dividends declared or payable by a company in respect of the previous year relevant to the assessment for the year ending on the 31st day of March, 1961, have effect on and from the 1st day of April, 1959.";

(ii) in sub-section (4), after the words "declared or payable by a company", the words and figures "on or before the 30th day of June, 1960," shall be inserted, and shall be deemed always to have been inserted.

4. In section 9 of the Income-tax Act, in sub-section (2), for clause (a) of the third proviso, the following clause shall be substituted, namely:—

Amendment
of section 9.

"(a) in the case of a property the construction of which was completed before the 1st day of April, 1950, the total amount of such taxes and in the case of any other property, one-half of the total amount of such taxes, shall, notwithstanding anything contained in such law, be deemed to be the tenant's liability for such taxes, and".

5. In section 10 of the Income-tax Act, in sub-section (2), for clause (xiii), the following clause shall be substituted, namely:—

Amendment
of section 10

"(xiii) any sum paid to a scientific research association having as its object the undertaking of scientific research or to a

university, college or other institution to be used for scientific research or to a university, college or other institution to be used for research in social science or statistical research related to the class of business carried on:

Provided that such association, university, college or institution is for the time being approved for the purposes of this clause by the prescribed authority;"

Amendment of section 14. 6. In section 14 of the Income-tax Act, for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) The tax shall not be payable by a co-operative society, 10 including a co-operative society carrying on the business of banking—

(i) in respect of the entire amount of its profits and gains of business carried on by it, if it is—

(a) an agricultural or a rural credit society; or 15

(b) a society engaged in a cottage industry; or

(c) a society engaged in the marketing of the agricultural produce of its members; or

(d) a society engaged in the purchase of agricultural implements, seeds, livestock or other articles intended 20 for agriculture for the purpose of supplying them to its members; or

(e) a society engaged in the processing of the agricultural produce of its members, to the extent to which such process is ordinarily employed by a culti- 25 vator to render the agricultural produce raised by him fit to be taken to the market, and is not a society engaged in the performance of any manufacturing operations with the aid of power;

(ii) in respect of so much of its profits and gains of 30 business carried on by it as does not exceed ten thousand rupees, if it is a co-operative society other than a co-operative society referred to in clause (i);

(iii) in respect of interest and dividends derived from its investments with any other co-operative society; 35

(iv) in respect of any income derived from the letting of godowns or warehouses for storage, processing or facilitating the marketing of commodities;

- (v) in respect of any interest on securities chargeable under section 8 or any income from property chargeable under section 9, where the total income of the co-operative society does not exceed twenty thousand rupees and the society is not a housing society or an urban consumer's society or a society carrying on transport business or a society engaged in the performance of any manufacturing operations with the aid of power:

Provided that nothing contained in this sub-section shall apply to—

- (i) the Sanikatta Salt Owner's Society;
- (ii) a co-operative society carrying on insurance business in respect of the profits and gains of that business computed in accordance with rule 9 in the Schedule.

Explanation.—For the purposes of this sub-section, an 'urban consumer's co-operative society' means a society for the benefit of the consumers within the limits of a municipal corporation, municipality, municipal committee, notified area committee, town area or cantonment".

7. In section 15B of the Income-tax Act, in clause (b) of the second proviso to sub-section (1), for the words "one twentieth of the assessee's total income" and "one hundred thousand rupees", the words "seven and a half per cent. of the assessee's total income" and "one hundred and fifty thousand rupees" shall respectively be substituted.

Amendment
of section
15B.

8. In section 15C of the Income-tax Act, in clause (ii) of sub-section (2), for the word "thirteen", the word "eighteen" shall be substituted.

Amendment
of section
15C.

9. In section 18 of the Income-tax Act,—

Amendment
of section 18.

(i) in sub-section (3D), after the words "declaration and payment of dividends", the brackets and words "(including dividends on preference shares)" shall be inserted;

(ii) sub-section (3E) shall be omitted.

10. In section 18A of the Income-tax Act,—

Amendment
of section
18A.

(i) in clause (a) of sub-section (1), for the words "In the case of income in respect of which provision is not made under section 18 for deduction of income-tax at the time of payment", the words "In the case of income other than income chargeable under the head 'Salaries'" shall be substituted, and after the

words "the amount of such inclusions bears to his total world income", the following words shall be inserted, namely:—

"The income-tax and super-tax so calculated shall be reduced by the amount of income-tax and super-tax which would be deductible during the said financial year in accordance with the provisions of section 18 on any income (other than income chargeable under the head 'Salaries') included in the said total income:";

(ii) in sub-section (3), for the words "to which the provisions of section 18 do not apply", the words "which is not chargeable under the head 'Salaries'" shall be substituted;

(iii) in sub-section (6),—

(a) for the words "regular assessment, so far as such tax relates to income to which the provisions of section 18 do not apply", the following words shall be substituted, namely:—

"regular assessment (reduced by the amount of tax deductible in accordance with the provisions of section 18 on any income, other than income chargeable under the head 'Salaries', included in such assessment), so far as such tax relates to income other than income chargeable under the head 'Salaries'";

(b) in the second proviso, for the words "to which the provisions of section 18 do not apply", the words "other than income chargeable under the head 'Salaries'" shall be substituted.

Amendment
of section
23A.

11. In section 23A of the Income-tax Act,—

(i) in sub-section (2), in clause (i), for the words "ninety per cent.", the words "eighty per cent." shall be substituted;

(ii) in *Explanation* 2, for the figures "100%", where they occur, the figures "90%" shall be substituted.

Insertion of
new section
49BB.

Relief to
company in
respect of
dividend
paid out of
past taxed
profits.

12. After section 49B of the Income-tax Act, the following section shall be inserted, namely:—

"49BB. (1) Where in respect of any previous year relevant to the assessment year commencing after the 31st day of March, 1960, an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends within India, pays any dividend wholly or partly out of its profits and gains actually charged to income-tax for any

assessment year ending before the 1st day of April, 1960, and deducts tax therefrom in accordance with the provisions of section 18, credit shall be given to the company against the income-tax, if any, payable by it on the profits and gains of the
5 previous year during which the dividend is paid, of a sum calculated in accordance with the provisions of sub-section (2), and where the amount of credit so calculated exceeds the income-tax payable by the company as aforesaid, the excess shall be refunded.

10 (2) The amount of income-tax to be given as credit under sub-section (1) shall be a sum equal to ten per cent. of so much of the dividends referred to in sub-section (1) as are paid out of the profits and gains actually charged to income-tax for any assessment year ending before the 1st day of April, 1960.

15 *Explanation I.*—For the purposes of this section, the aggregate of the dividends declared by a company in respect of any previous year shall be deemed first to have come out of the distributable income of that previous year and the balance, if any, out of the undistributed part of the distributable income of
20 one or more previous years immediately preceding that previous year as would be just sufficient to cover the amount of such balance and as has not likewise been taken into account for covering such balance of any other previous year.

25 *Explanation II.*—The “distributable income” of any previous year shall mean the total income assessed for that year as reduced by—

(i) the amount of income-tax and super-tax payable by the company in respect of the said total income;

30 (ii) the amount of any other tax levied under any law for the time being in force on the company by the Government or by a local authority in excess of the amount, if any, which has been allowed in computing the total income;

35 (iii) the amount paid to any charitable institution or fund to the extent to which it is exempt from tax under section 15B; and

(iv) in the case of a banking company, the amount actually transferred to a reserve fund under section 17 of the Banking Companies Act, 1949,

and as increased by—

40 (a) any profits and gains or receipts of the company not included in its total income; and

(b) any amount attributable to any allowance made in computing the profits and gains of the company for purposes of assessment, which the company has not taken into account in its profit and loss account.”.

Wealth tax
not to be
levied on
companies
from 1960-
61.

13. Notwithstanding anything contained in the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act), no tax shall be charged in respect of the net wealth of a company for any financial year commencing on or after the 1st day of April, 1960.

27 of 1957.

Amendment
of section 5.

14. In section 5 of the Wealth-tax Act, in clause (xx) of sub-section (I), for the words “if on the relevant valuation date the provisions of this Act are not applicable to the company by reason of the provisions contained in that section”, the following words shall be substituted, namely:—

“for a period of five successive assessment years commencing with the assessment year next following the date on which the company is established, which period shall, in the case of a company established before the commencement of this Act, be computed in accordance with this Act from the date of its establishment as if this Act had been in force on and from the date of its establishment”.

20

Amendment
of section 5.

15. In section 5 of the Expenditure-tax Act, 1957 (hereinafter referred to as the Expenditure-tax Act), in clause (d), for the word, brackets, figures and letter “clause (via)”, the words, brackets, figures and letters “sub-clause (a) of clause (via)” shall be substituted.

29 of 1957.

25

Amendment
of section 6.

16. In section 6 of the Expenditure-tax Act,—

(i) in sub-section (I),—

(a) for clause (g), the following clause shall be substituted, namely:—

“(g) any expenditure incurred by the assessee in respect of the education of himself or any of his dependants, and where the assessee is a Hindu undivided family, of any member of the family—

(i) if the expenditure is incurred in India, subject to a maximum of rupees three thousand per year; and

(ii) if the expenditure is incurred in any country outside India, subject to a maximum of rupees eight thousand per year;”;

(b) after clause (i), the following clause shall be inserted, namely:—

5 “(j) any expenditure incurred by the assessee for travel in India in connection with his proceeding on a holiday and any expenditure incurred on behalf of the assessee by his employer by way of travel concession or assistance in connection with his proceeding on leave in India, subject in the aggregate to a maximum of rupees one thousand five hundred per year.”;

10 (ii) for sub-section (4), the following sub-section shall be substituted, and shall be deemed always to have been substituted, namely:—

15 “(4) If the assessee proves in any year that, in respect of any sum out of which any expenditure incurred is chargeable to tax under this Act, he has paid in any foreign country any income-tax, wealth-tax, expenditure-tax, gift-tax or estate duty under any law for the time being in force in that country and that any such tax or duty has been included in the expenditure chargeable to tax under this Act, he shall be
20 entitled to a deduction of the full amount of such tax and duty paid in the foreign country.”.

18 of 1958.

17. For section 18 of the Gift-tax Act, 1958, the following section shall be substituted, namely:—

Substitution of new section for section 18.

25 “18. If a person making a taxable gift pays into the treasury within fifteen days of his making the gift the amount of tax due on the gift calculated at the rates specified in the Schedule, he shall, at the time of assessment under section 15, be given credit, in addition to the amount so paid, for an amount equal to ten per cent. of the amount so paid.

Rebate on advance payments.

30 *Explanation.*—If a person makes more than one taxable gift in the course of a previous year, the amount of tax due on any one of such gifts shall be the difference between the total amount of tax due on the aggregate value of all taxable gifts so far made, including the taxable gift in respect of which tax has to be paid,
35 calculated at the rates specified in the Schedule and the total amount of tax on the aggregate value of all the gifts made during that year excluding the taxable gift in respect of which tax has to be paid.”.

40 18. The Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act), shall be amended in the manner specified in the Second Schedule.

Amendment of Act 32 of 1934.

Amendment
of Act I of
1949.

19. In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1960", the figures "1961" shall be substituted.

Amendment
of Act I of
1944.

20. In the First Schedule to the Central Excises and Salt Act, 1944,—

(a) in Item No. 1, for the entry in the third column, the entry "Twenty-eight and three-fourths *naye paise* per imperial gallon" shall be substituted; 5

(b) in Item No. 4, for the entry in the third column, the entry "One rupee and forty-five *naye paise* per imperial gallon" shall be substituted; 10

(c) in Item No. 8, in the second column, for the words "‘Sugar’ means any form of sugar containing more than ninety per cent. of sucrose", the words "‘Sugar’ means any form of sugar in which the sucrose content, if expressed as a percentage of the material dried to constant weight at 105° Centigrade, would be 15 more than ninety" shall be substituted;

(d) in Item No. 10, for sub-item (2), the following sub-items shall be substituted, namely:—

"(2) For cycles (other than motor cycles)—

(a) tyres Sixty *naye paise* per tyre or fifteen per cent. *ad valorem*, whichever is higher, 20

(b) tubes Thirty *naye paise* per tube or fifteen per cent. *ad valorem*, whichever is higher.

(3) All other tyres Fifteen per cent. *ad valorem*."

(e) in Item No. 12,— 25

(1) for sub-items (b) and (c), the following sub-items shall be substituted, namely:—

"(b) if it contains 40 per cent. or more by weight of silk;

(c) if it contains 60 per cent. or more by weight of rayon or artificial silk; or 30

(d) if manufactured on a handloom."

(2) after sub-item (4), the following sub-item shall be inserted, namely:—

"(5) Cotton fabrics, not otherwise specified. Thirty-seven *naye paise* per square yard."

(3) *Explanation III* in the second column shall be omitted; 35

(f) in Item No. 12A,—

(1) for sub-items (ii), (iii) and (iv), the following sub-items shall be substituted, namely:—

"(ii) if it contains 40 per cent. or more by weight of silk; 40

(iii) if it contains cotton and less than 60 per cent. by weight of rayon or artificial silk;

(iv) if it contains no cotton and less than 40 per cent. by weight of wool and less than 40 per cent. by weight of rayon or artificial silk; or

(v) if manufactured on a handloom;"

(2) the *Explanation* in the second column shall be omitted;

(g) after Item No. 12A, the following Item shall be inserted, namely:—

"12B. SILK FABRICS—

'Silk Fabrics' include all varieties of fabrics manufactured either wholly or partly from silk, but do not include any such fabric—

Thirty *naye paise* per square yard.

(i) if it contains 40 per cent. or more by weight of wool;

(ii) if it contains cotton or artificial silk or both and less than 40 per cent. by weight of silk;

(iii) if it contains no cotton and no artificial [silk and less than 40 per cent. by weight of wool and less than 40 per cent. by weight of silk; or

(iv) if manufactured on a handloom,"

(h) the existing Item No. 12B shall be re-numbered as Item No. 12C;

(i) in Item No. 14, in the entry in the third column, for the figures and words "19 *naye paise* per lb.", the figures and words "30 *naye paise* per lb." shall be substituted;

(j) for Item No. 17, the following Item shall be substituted, namely:—

"17. FOOTWEAR—

'Footwear' includes all varieties of footwear, whether known as boots, shoes, sandals, chappals or by any other name, and component parts thereof—

(1) Footwear produced in any factory including the precincts thereof whereon fifty or more workers are working, or were working on any day of the preceding twelve months, and in any part of which the process of manufacturing footwear is being carried on with the aid of power or is ordinarily so carried on, the total equivalent of such power exceeding two horsepower,

Ten per cent. *ad valorem*.

(2) component parts of footwear in, or in relation to the manufacture of, which any process is ordinarily carried on with the aid of power,

Fifteen per cent. *ad valorem*."

(k) in Item No. 18, for the entries in the third column against sub-items (1), (2), (3) (a) (i), (3) (a) (ii), (3) (a) (iii), (3) (b) (i), (3) (b) (ii) and (3) (b) (iii), the entries "Seven rupees and fifty *naye paise* per fan", "Fifteen rupees per fan", "Five rupees and twenty-five *naye paise* per motor", "Two rupees and sixty-five *naye paise* per stator", "Two rupees and sixty-five *naye paise* per rotor", "Ten rupees and fifty *naye paise* per motor", "Five rupees and twenty-five *naye paise* per stator" and "Five rupees and twenty-five *naye paise* per rotor" shall, respectively, be substituted;

(l) in Item No. 19,—

(i) for the entries in the third column against sub-items (1) (i), (1) (ii) and (1) (iii) and (2), the entries "Ten *naye paise* per bulb", "Forty *naye paise* per bulb", "Eighty *naye paise* per bulb" and "Forty *naye paise* per foot" shall respectively be substituted;

(ii) for sub-item (3), the following sub-items shall be substituted, namely:—

"(3) Sodium and mercury vapour discharge lamps	Five per cent. <i>ad valorem</i> .	20
(4) All sorts, not otherwise specified	Fifteen per cent. <i>ad valorem</i> ."	

(m) in Item No. 20, for the entries in the third column against sub-items (1), (2) and (3), the entries "Fifteen per cent. *ad valorem*", "Fifteen per cent. *ad valorem*" and "Seventeen and half per cent. *ad valorem*" shall respectively be substituted;

(n) in Item No. 21, for sub-items (5), (6), (7), (8), (9) and (10), the following sub-items shall be substituted, namely:—

"(5) straw board, other than corrugated board	Five <i>naye paise</i> per lb.	
(6) duplex and triplex board	Ten <i>naye paise</i> per lb.	30
(7) pulp board, not otherwise specified, including grey board and mill board,	Ten <i>naye paise</i> per lb.	
(8) corrugated board	Ten <i>naye paise</i> per lb.	
(9) coated board (including art, chrome and board for playing cards).	Fifteen <i>naye paise</i> per lb.	
(10) paper and paper board, all sorts, not otherwise specified.	Fifteen <i>naye paise</i> per lb."	35

(o) in Item No. 24, in the third column for the words "plus eighty *naye paise* per imperial gallon", the words "plus one rupee and seventeen *naye paise* per imperial gallon" shall be substituted;

(p) in Item No. 25, for the entries in the third column against sub-items (a) and (b), the entries "Sixteen per cent. *ad valorem* plus sixty-five rupees per ton" and "Sixteen per cent. *ad valorem* plus thirty rupees per ton" shall respectively be substituted;

(q) for Item No. 27, the following Item shall be substituted, namely:—

“27. MOTOR VEHICLES—

5	‘Motor Vehicles’ means all mechanically propelled vehicles adapted for use upon roads, and includes a chassis and a trailer; but does not include a vehicle running upon fixed rails,—	
10	(1) Autocycles, motor cycles, scooters, auto-rickshaws and any other three-wheeled motor vehicles.	One hundred and seventy-five rupees each.
	(2) Motor vehicles of not more than 16 H. P. by Royal Automobile Club (R.A.C.) rating.	One thousand rupees each.
15	(3) Motor Cars of more than 16 H.P. by Royal Automobile Club (R.A.C.) rating, constructed or adapted to carry not more than nine persons.	Three thousand rupees each or fifteen per cent. <i>ad valorem</i> whichever is higher.
20	(4) Motor vehicles, not otherwise specified.	Two thousand five hundred rupees each or twelve and half per cent. <i>ad valorem</i> whichever is higher.”;

(r) after Item No. 28, the following Items shall be inserted, namely:—

“29. CYCLES, PARTS OF CYCLES OTHER THAN MOTOR CYCLES, NAMELY—

25	(i) free wheels	Two rupees each.
	(ii) rims,	Four rupees each.

30. INTERNAL COMBUSTION ENGINES, ALL SORTS, NAMELY—

30	(i) those designed for use as a prime-mover for transport vehicles and have been given for that purpose some special shape, size or quality which would not be essential for their use for any other purpose.	Ten per cent. <i>ad valorem</i> .
35	(ii) others,	Five per cent. <i>ad valorem</i> .

31. ELECTRIC MOTORS, ALL SORTS AND PARTS THEREOF, NAMELY:—

40	(1) those designed for use in circuits of less than 10 amperes and at a pressure not exceeding 250 volts.	Fifteen per cent. <i>ad valorem</i> .
	(2) those designed for use in circuits at a pressure exceeding 400 volts, and	
	(i) with a rated capacity not exceeding 10 H. P.	Ten per cent. <i>ad valorem</i> .
	(ii) exceeding 10 H. P.	Five per cent. <i>ad valorem</i> .
45	(3) all others	Fifteen per cent. <i>ad valorem</i> .
	(4) parts of electric motors	Fifteen per cent. <i>ad valorem</i> .

32. CINEMATOGRAPH FILMS, EXPOSED—

	Of a width of 30 mm. or higher	Below 30 mm. in width
(1) News reels and shorts not exceeding 500 metres,	Fifteen <i>naye paise</i> per metre.	Ten <i>naye paise</i> 5 per metre.
(2) Feature films, advertisement shorts, and films not otherwise specified.	Fifty <i>naye paise</i> per metre.	Thirty-three <i>naye paise</i> per metre.
33. ALUMINIUM—		10
(a) In any crude form including ingots, bars, blocks, slabs, billets, shots and pellets,		Three hundred rupees per metric tonne.
(b) Manufactures, the following, namely, plates, sheets, circles, strips and foils in any form or size.		Five hundred rupees per metric tonne. 15
34. TIN PLATE AND TINNED SHEETS INCLUDING TIN TAGGERS, AND CUTTINGS OF SUCH PLATES, SHEETS OR TAGGERS		Two hundred rupees per metric tonne.
35. PIG IRON		Ten rupees per metric tonne." 20

Amendment
of Act 12 of
1953.

21. In section 2 of the Khadi and Other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953, in clause (b), for the words "and rayon or artificial silk fabrics", the words "silk and rayon or artificial silk fabrics" shall be substituted. 25

Amendment
of Act 58 of
1957.

22. In the Additional Duties of Excise (Goods of Special Importance) Act, 1957,—

(a) in clause (c) of section 2, for the figures and letter "12B", the figures and letter "12C" shall be substituted;

(b) in the First Schedule, in the entry relating to Item 30 No. 12, after sub-item (4), the following sub-item shall be inserted, namely:—

"(5) Cotton fabrics, not otherwise specified Thirteen *naye paise* per square yard."

Discontinu-
ance of salt
duty.

23. For the year beginning on the 1st day of April, 1960, no duty 35
under the Central Excises and Salt Act, 1944, or the Tariff Act shall
be levied in respect of salt manufactured in, or imported into, India. 1 of 1944.

Declaration under the Provisional Collection of Taxes Act, 1931.

It is hereby declared that it is expedient in the public interest that the provisions of clauses 18, 19, 20, 21 and 22 of this Bill shall 40
have immediate effect under the Provisional Collection of Taxes Act,
1931.

THE FIRST SCHEDULE

(See section 2)

PART I

Income-tax and surcharges on income-tax

5

Paragraph A

(i) In the case of every individual who is married and every Hindu undivided family whose total income does not exceed Rs. 20,000 in either case—

Rates of Income-tax

	Where the individual has no child wholly or mainly dependent on him or where the Hindu undivided family has no minor coparcener.	Where the individual has one child wholly or mainly dependent on him or where the Hindu undivided family has one minor coparcener.	Where the individual has more than one child wholly or mainly dependent on him or where the Hindu undivided family has more than one minor coparcener.
10			
15			
	Rs.	Rs.	Rs.
	(1) On the first 3,000 of total income.	3,300 of total income.	3,600 of total income.
	(2) On the next 2,000 „	1,700 „	1,400 „
20	(3) On the next 2,500 „	2,500 „	2,500 „
	(4) On the next 2,500 „	2,500 „	2,500 „
	(5) On the next 2,500 „	2,500 „	2,500 „
	(6) On the next 2,500 „	2,500 „	2,500 „
	(7) On the next 5,000 „	5,000 „	5,000 „

25 (ii) In the case of every individual who is not married and every individual or Hindu undivided family whose total income in either case exceeds Rs. 20,000 and in the case of every unregistered firm or other association of persons, not being a case to which any other Paragraph of this Part applies:—

	Rs.	
30	(1) On the first 1,000 of total income	Nil
	(2) On the next 4,000 „ „	3%
	(3) On the next 2,500 „ „	6%
	(4) On the next 2,500 „ „	9%
	(5) On the next 2,500 „ „	11%
35	(6) On the next 2,500 „ „	14%
	(7) On the next 5,000 „ „	18%
	(8) On the balance of total income	25%

Provided that for the purposes of this Paragraph—

- (i) no income-tax shall be payable on a total income which does not exceed the limit specified below;
- (ii) the income-tax payable shall in no case exceed half the amount by which the total income exceeds the said limit; 5
- (iii) the income-tax payable by an individual who is married or a Hindu undivided family whose total income exceeds in either case Rs. 20,000 shall not exceed the aggregate of—
 - (a) the income-tax which would have been payable if the total income had been Rs. 20,000; 10
 - (b) half the amount by which the total income exceeds Rs. 20,000;

The limit aforesaid shall be—

- (i) Rs. 6,000 in the case of every Hindu undivided family which as at the end of the previous year satisfies either of the 15 following conditions, namely:—
 - (a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or
 - (b) that it has at least two members entitled to claim partition who are not lineally descended one from the other 20 and who are not lineally descended from any other living member of the family;
- (ii) Rs. 3,000 in every other case.

Surcharges on income-tax

The amount of income-tax computed at the rates hereinbefore 25 specified shall be increased by the aggregate of the surcharges calculated as under:—

- (a) A surcharge for purposes of the Union equal to the sum of—
 - (i) five per cent. of the amount of income-tax; and 30
 - (ii) where the earned income included in the total income exceeds Rs. 1,00,000, five per cent. of the difference between the amount of income-tax which would have been payable on the whole of the earned income included in the total income if such earned income had been the total income 35 and the amount of income-tax payable on a total income of Rs. 1,00,000;
- (b) A special surcharge at fifteen per cent. of the difference between the amount of income-tax on the total income and the amount of income-tax on the whole of the earned income, if any, 40 included in the total income if such earned income had been the total income:

Provided that—

- (i) no surcharge for purposes of the Union shall be payable where the total income does not exceed the limit specified below; 45

- (ii) no special surcharge shall be payable in the case of an assessee whose total income does not include any income from dividend on ordinary shares if his total income does not exceed the limit specified below, and where the total income includes any dividends on ordinary shares, such limit shall be increased by Rs. 1,500 or the amount of the said dividends, whichever is less:

Provided further that—

- (a) where the total income includes any dividends on ordinary shares, the surcharge for purposes of the Union and the special surcharge shall not in each case exceed half the amount by which the total income exceeds the respective limits applicable in either case;

- (b) the surcharge for purposes of the Union and the special surcharge, both together, shall not exceed half the amount by which the total income exceeds the limit specified below;

The limit aforesaid shall be—

- (i) Rs. 15,000 in the case of every Hindu undivided family which satisfies as at the end of the previous year either of the following conditions, namely:—

(a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

- (b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(ii) Rs. 7,500 in every other case.

Explanation.—For the purposes of this Paragraph, in the case of every Hindu undivided family governed by the *Mitakshara* law, a son shall be deemed to be entitled to claim partition of the coparcenary property against his father, or grand-father notwithstanding any custom to the contrary.

Paragraph B

In the case of every local authority,—

Rate of income-tax

On the whole of the total income 30%

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union of 5 per cent. of the amount of income-tax.

Paragraph C

In every case in which under the provisions of the Income-tax Act, income-tax is to be charged at the maximum rate,—

Rate of income-tax

On the whole of the total income	25%
----------------------------------	----	----	-----

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of the surcharges 5
calculated as under:—

(a) a surcharge for purposes of the Union of five per cent. of the amount of income-tax; and

(b) a special surcharge of fifteen per cent. of the amount of income-tax. 10

Paragraph D

In the case of every company,—

Rate of income-tax

On the whole of the total income	20%
----------------------------------	----	----	-----

Paragraph E

15

In the case of every registered firm,—

Rates of income-tax

(1) On the first Rs. 40,000 of total income	..	Nil	
(2) On the next Rs. 35,000 of total income	..	5%	
(3) On the next Rs. 75,000 of total income	..	6%	20
(4) On the balance of total income	..	9%	

PART II

*Super-tax and surcharges on super-tax**Paragraph A*

In the case of every individual, Hindu undivided family, 25
unregistered firm and other association of persons, not being a case
to which any other Paragraph of this Part applies,—

Rates of super-tax

(1) On the first Rs. 20,000 of total income	..	Nil	
(2) On the next Rs. 5,000 of total income	..	5%	30
(3) On the next Rs. 5,000 of total income	..	15%	
(4) On the next Rs. 10,000 of total income	..	20%	
(5) On the next Rs. 10,000 of total income	..	30%	
(6) On the next Rs. 10,000 of total income	..	35%	
(7) On the next Rs. 10,000 of total income	..	40%	35
(8) On the balance of total income	..	45%	

Surcharges on super-tax

The amount of super-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:—

5 (a) A surcharge for purposes of the Union equal to the sum of—

(i) five per cent. of the amount of super-tax; and
 (ii) where the earned income included in the total
 10 income exceeds Rs. 1,00,000, five per cent. of the difference between the amount of super-tax which would have been payable on the whole of the earned income included in the total income, if such earned income had been the total income and the amount of super-tax payable on a total income of Rs. 1,00,000;

15 (b) A special surcharge at fifteen per cent. of the difference between the amount of super-tax on the total income and the amount of super-tax on the whole of the earned income, if any, included in the total income, if such earned income had been the total income.

20 *Paragraph B*

In the case of every local authority,—

Rate of super-tax

On the whole of the total income 16%

Surcharge on super-tax

25 The amount of super-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union of 12½ per cent. of the amount of super-tax.

Paragraph C

30 In the case of every association of persons being a co-operative society as defined in clause (5B) of section 2 of the Income-tax Act,—

Rates of super-tax

(1) On the first Rs. 25,000 of total income Nil
 (2) On the balance of total income 16%

Surcharge on super-tax

35 The amount of super-tax computed at the rates hereinbefore specified shall be increased by a surcharge for purposes of the Union of 12½ per cent. of the amount of super-tax.

Paragraph D

In the case of every company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

31 of 1956

Rates of super-tax

5

On the whole of the total income 55%:

Provided that—

(i) a rebate at the rate of 45 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company; at the rate of 40 per cent. on so much of the total income as consists of dividends from any other Indian company formed and registered on or after the 1st day of April, 1959; and at the rate of 35 per cent. on the balance of the total income shall be allowed in the case of any company which—

10

(a) in respect of its profits liable to tax under the Income-tax Act for the year ending on the 31st day of March, 1961, has made the prescribed arrangements for the declaration and payment within India of the dividends payable out of such profits in accordance with the provisions of sub-section (3D) of section 18 of that Act; and

20

(b) is such a company as is referred to in sub-section (9) of section 23A of the Income-tax Act with a total income not exceeding Rs. 25,000;

(ii) a rebate at the rate of 45 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company; at the rate of 35 per cent. on so much of the total income as consists of dividends from any other Indian company formed and registered on or after the 1st day of April, 1959; and at the rate of 30 per cent. on the balance of the total income shall be allowed in the case of any company which satisfies condition (a) but not condition (b) of the preceding clause;

30

(iii) a rebate at the rate of 45 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company; at the rate of 22 per cent. on so much of the total income as consists of dividends from any other Indian company formed and registered on or after the 1st day of April, 1959; and at the rate of 12 per cent. on the balance of the total income shall be allowed in the case of any company not entitled to a rebate under either of the preceding clauses:

35

Provided further that—

40

(i) the amount of the rebate under clause (i) or clause (ii) of the preceding proviso shall be reduced by the sum, if any, equal to the amount or the aggregate of the amounts, as the case may be, computed as hereunder:—

(a) on the aggregate of the sums computed in the manner provided in clause (i) of the second proviso to Paragraph D of Part II of the First Schedule to the Finance Act, 1959, as reduced by the amount, if any, which is deemed to have been taken into account, in accordance with clause (ii) of the said proviso, for the purpose of reducing the rebate mentioned in clause (i) of the said proviso to nil; and

45

12 of 1959.

50

(b) on the amount representing the face value of any bonus shares or the amount of any bonus issued to its shareholders during the previous year with a view to increasing the paid up capital; at the rate of 30%

5 (ii) where the sum arrived at in accordance with clause (i) of this proviso exceeds the amount of the rebate arrived at in accordance with clause (i) or clause (ii), as the case may be, of the preceding proviso, only so much of the amounts of reduction mentioned in sub-clauses (a) and (b) of clause (i) of this proviso
10 as is sufficient, in that order, to reduce the rebate to nil shall be deemed to have been taken into account for the purpose:

Provided further that the super-tax payable by a company, the total income of which exceeds rupees twenty-five thousand, shall not exceed the aggregate of—

15 (a) the super-tax which would have been payable by the company if its total income had been rupees twenty-five thousand; and

(b) half the amount by which its total income exceeds rupees twenty-five thousand.

20 *Explanation.*—For the purposes of this Paragraph, where any portion of the profits and gains of a company is not included in its total income by reason of such portion being agricultural income, the amount representing the face value of any bonus shares and the amount of any bonus issued to its shareholders shall each be deemed
25 to be such proportion thereof as the average of the total income of the company in the five previous years in which the company has been in receipt of taxable income immediately preceding the relevant previous year bears to the average of its total profits and gains (excluding capital receipts) for the preceding five years aforesaid,
30 reduced by such allowances as may be admissible under the Income-tax Act which have not been taken into account by the company in its profit and loss accounts for the preceding five years aforesaid.

Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,—

31 of 1956. 35

Rate of super-tax

On the whole of its profits and gains from life insurance business 22.5%

PART III

40 *Rates for deduction of tax under section 18 of the Income-tax Act at the prescribed rates*

In every case in which under the provisions of section 18 of the Income-tax Act, tax is to be deducted at the prescribed rates, deduc-

tion shall be made from the income subject to deduction at the following rates:—

	Income-tax			Super-tax		
	Rate of income-tax	Rates of Surcharges		Rate of super-tax	Rates of surcharges	
		Surcharge for purposes of the Union	Special surcharge			
						5
						10
1. In the case of a person other than a company—						
(a) in every case, on the whole income (excluding interest payable on any security of the Central Government issued or declared to be income-tax free), and	25%	1.25%	3.75%			15
(b) in addition, where the person is one whom the person responsible for paying the income has no reason to believe to be resident in the taxable territories, on the whole income.				Super-tax and surcharges on super-tax in accordance with the provisions of clause (b) of subsection (1) of section 17 of the Income-tax Act.		20
						25
						30
				Rate of Income-tax	Rate of Super-tax	30
2. In the case of a company—						
(a) in every case—						
(i) on the whole income (excluding interest payable on any security of the Central Government issued or declared to be income-tax free); and	20%					35
(ii) on the whole income (excluding dividends payable by an Indian company referred to in section 56A of the Income-tax Act); and					10%	
(b) in addition, where the company is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India,—						40
(i) on the income from dividends (excluding dividends payable by its subsidiary Indian company, if any, or by an Indian company referred to in section 56A of the Income-tax Act)—						45
(a) on dividends payable by an Indian company formed and registered on or after the 1st day of April, 1959 .					23%	
(b) on any other dividend					33%	50
(ii) on any other income, not being income from dividends .					33%	

THE SECOND SCHEDULE

(See section 18)

PART I

In the First Schedule to the Tariff Act,—

- 5 (i) in Item No. 22(1), for the existing entries in the fourth column against sub-items (a), (b), (c), (d) and (e), the entries “Rs. 6 per Imperial gallon”, “Re. 1 per bottle”, “50 naye paise per bottle”, “25 naye paise per bottle” and “Rs. 7·50 per Imperial gallon”, respectively, shall be substituted;
- 10 (ii) in Item No. 22(2), for the existing entries in the fourth column against sub-items (a), (b), (c), (d) and (e), the entries “Rs. 12 per Imperial gallon”, “Rs. 2 per bottle”, “Re. 1 per bottle”, “50 naye paise per bottle” and “Rs. 15 per Imperial gallon”, respectively, shall be substituted;
- 15 (iii) in Item No. 22(3), for the existing entries in the fourth column against sub-items (a) and (b), the entries “Rs. 80 per Imperial gallon” and “Rs. 50 per Imperial gallon”, respectively, shall be substituted;
- (iv) in Item No. 22(4),—
- 20 (1) for the existing entries in the fourth column against each of the sub-items (a) and (b) (ii), the entry “Rs. 150 per Imperial gallon of the strength of London proof or 125 per cent. *ad valorem*, whichever is higher” shall be substituted;
- 25 (2) for the existing entry in the fourth column against sub-item (b) (i), the entry “Rs. 200 per Imperial gallon or 125 per cent. *ad valorem*, whichever is higher”, shall be substituted;
- 30 (v) in Item No. 27(4) (a), for the existing entry in the fourth column, the entry “The rate at which excise duty is for the time being leviable on kerosene” shall be substituted;
- 35 (vi) in Items Nos. 29(1), 48, 63(4), 63(10), 66(a), 66(1) and 75(8), to each of the respective entries in the fourth column, the words “plus the excise duty for the time being leviable on like articles if produced or manufactured in India, and where such duty is leviable at different rates, the highest duty” shall be added.

PART II

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
In the first Schedule to the Tariff Act,—						10
(i) after Item No. 73(20), the following Items shall be inserted namely:—						
73 (21)	Electric motors, all sorts, and parts thereof.	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty leviable on the article under any of the other Items in this Schedule.	15
						20
						25
73 (22)	Internal combustion engines, all sorts.	Revenue	The excise duty for the time being leviable on like articles if produced or manufactured in India and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty leviable on the article under any of the other Items in this Schedule.	30
						35
						40
(ii) after Item No. 75(18), the following Item shall be inserted, namely:—						45
75 (19)	Mechanically propelled vehicles adapted for use upon roads, including chassis and trailers, but not including vehicles intended to run upon fixed rails.	Revenue	The excise dy for the time being leviable on like articles if produced or manufactured in India and where such duty is leviable at different rates, the highest duty; and the duty so leviable shall be in addition to the duty leviable on the article under any of the other Items in this Schedule.			50
						55
						60

STATEMENT OF OBJECTS AND REASONS

The object of this Bill is to give effect to the financial proposals of the Central Government for the next financial year and to provide for certain connected matters. The Notes on Clauses explain the various provisions contained in the Bill.

NEW DELHI;
The 29th February, 1960.

MORARJI DESAI.

Notes on clauses

Clause 2 prescribes the rates of income-tax and super-tax for the financial year 1960-61 and for deduction of tax at source from interest on securities, dividends, etc. For assesseees other than companies, the same rates as prescribed by the Finance Act, 1959 continue. The distinction between the surcharge for purposes of the Union and the special surcharge has been clarified in the various parts of the First Schedule.

In the case of companies,

(i) the rate of income-tax has been fixed at 20 per cent. as against the existing rate of 31.5 per cent. (30 per cent. income-tax and 1.5 per cent. surcharge on income-tax),

(ii) the effective rate of super-tax on an Indian company with a total income exceeding Rs. 25,000 has been fixed at 25 per cent. so that the aggregate rate of income-tax and super-tax applicable to such a company will be 45 per cent. as against 51.5 per cent. as at present,

(iii) the effective rate of income-tax and super-tax on Indian branches of foreign companies has been fixed at 63 per cent. as against 61.5 per cent. as at present,

(iv) the effective rate of super-tax on dividends received by parent companies (Indian or foreign) from their subsidiary Indian companies continues at 10 per cent.,

(v) on dividends receivable by any company from an Indian company (not being a subsidiary company) formed and registered on or after 1st April, 1959, the effective rate of super-tax otherwise payable has been reduced by 5 per cent. in the case of an Indian company and 10 per cent. in the case of a foreign company,

(vi) bonus issues out of premiums received in cash will be taken into account for the purposes of super-tax like other bonus issues,

(vii) super-tax payable with reference to excess distribution of dividends has been withdrawn,

(viii) the general rate for deduction of super-tax at source on interest on securities, dividends, etc., payable to Indian companies has been reduced from 25 per cent. to 10 per cent., the total effective rate of deduction on account of income-tax and super-tax thus being reduced from 45 per cent. to 30 per cent.,

(ix) the rate for deduction of super-tax on dividends payable by an Indian company (other than a subsidiary company) formed and registered on or after 1st April 1959 to a foreign company has been reduced from 43 per cent. to 33 per cent.,

(x) the rate of super-tax for the Life Insurance Corporation of India has been fixed at 22.5 per cent. so that the aggregate rate of income-tax and super-tax remains at 42.5 per cent. as at present, and

(xi) the rates of super-tax applicable to the Life Insurance Corporation of India for the financial years 1958-59, 1959-60 and 1960-61 have been made applicable also to such other companies

as carry on life insurance business in respect of their profits from such business.

Clause 3 makes the following amendments to section 19 of the Finance Act, 1959:—

Sub-clause (i) inserts a new sub-section (3A) with a view to clarifying that interim dividends declared or payable by a company even before 1st April, 1959 but in respect of a previous year relevant to the assessment year 1960-61 will not be grossed up in the assessments of the shareholders.

Sub-clause (ii): Sub-section (4) of section 19 provided that the benefit of grossing would be available for dividends declared in respect of a previous year relevant to the assessment for 1959-60 or an earlier year. In order to clarify that this benefit will be available only where the dividends are declared in relation to the accounts of a previous year not later than the previous year relevant to the assessment year 1959-60, a suitable amendment has been proposed in sub-clause (ii).

Clause 4 amends section 9 of the Income-tax Act to provide that the whole of the taxes levied by a local authority and borne by the owner in respect of a property constructed before 1st April, 1950 shall be treated as the tenant's burden which would be taken into account in determining the annual letting value on the basis of the full rent payable by the tenant.

Clause 5 amends clause (xiii) of sub-section (2) of section 10 of the Income-tax Act so as to extend the benefit of that clause to any sums paid to a scientific research association or to a university, college or other institution to be used for scientific research, whether or not such scientific research is related to the class of business carried on by the assessee.

Clause 6 amends sub-section (3) of section 14 of the Income-tax Act so as to provide that profits and gains from business carried on by co-operative societies (other than those carrying on insurance business) shall be wholly exempt only in the case of co-operative societies which are connected with agriculture, rural credit and cottage industries. In the case of other such societies, profits and gains from business will be exempt up to Rs. 10,000 only.

Clause 7 makes an amendment to section 15B of the Income-tax Act to extend the benefit of exemption from tax in respect of donations for charitable purposes upto seven and a half per cent. of the assessee's total income (as reduced in the manner provided in that section) or Rs. 1,50,000 whichever is less.

Clause 8 amends section 15C of the Income-tax Act so as to extend the period within which a new industrial undertaking may begin to manufacture or produce articles to be eligible for the exemption provided by that section, by another five years.

Clause 9 makes the following amendments in section 18 of the Income-tax Act:—

Sub-clause (i) clarifies that tax shall be deducted under sub-section (3D) in respect of all dividends including dividends on preference shares.

Sub-clause (ii) deletes sub-section (3E).

Clause 10 makes the following amendments to section 18A of the Income-tax Act:—

Sub-clause (i) extends the scope of sub-section (1) of section 18A and provides that for the purposes of the advance payment of tax, all incomes other than 'salaries' will be taken into consideration. It has, however, been clarified that while computing the amount of advance tax, credit shall be given for all taxes deductible at source under section 18 on all such incomes.

Sub-clauses (ii) and (iii) are consequential upon the amendment proposed in sub-clause (i).

Clause 11 amends section 23A of the Income-tax Act so as to reduce in the case of companies dealing in or holding investments the statutory percentage for distribution of dividends from 100 per cent. to 90 per cent. A consequential amendment has been made in clause (i) of sub-section (2) of section 23A.

Clause 12 inserts a new section 49BB to give credit to an Indian company which distributes dividends in respect of a previous year relevant to the assessment for the year 1960-61 or a later year out of profits already taxed in the assessments for 1959-60 and earlier years. The amount of credit to be given for this purpose is a sum equal to 10 per cent. of the dividends distributed out of past taxed profits. The credit is to be given against the company's tax liability on its income for the previous year in which the dividend is paid.

Clause 13 provides that no wealth-tax shall be charged in respect of the net wealth of a company for any financial year commencing on or after 1st April, 1960.

Clause 14 makes a formal amendment to section 5(1) (xx) of the Wealth-tax Act, 1957, consequential upon the abolition of wealth-tax on companies, so as to retain the existing exemption from wealth-tax for the prescribed number of years in respect of shares held in a company established with the object of carrying on a new industrial undertaking in India.

Clause 15 amends clause (d) of section 5 of the Expenditure-tax Act, 1957, with a view to restricting the exemption mentioned therein to passage concessions enjoyed by foreigners employed in India.

Clause 16 makes the following amendments in section 6 of the Expenditure-tax Act, 1957:—

Sub-clause (i) amends clause (g) of sub-section (1) so as to allow a deduction of Rs. 3,000 for expenditure incurred on education in India and inserts a new clause (j) in sub-section (1) providing for a deduction of Rs. 1,500 for expenditure incurred on travel in India by the assessee while on holiday or during leave.

Sub-clause (ii) amends sub-section (4) with retrospective effect to provide for the deduction of taxes paid by the assessee to a foreign Government in full.

Clause 17 amends section 18 of the Gift-tax Act so as to provide that the advance tax paid is the same as the tax payable on regular assessment.

Clause 18, read with the Second Schedule, proposes certain changes in the Import Tariff—

(a) The rates of duty on wines, spirits and other alcoholic liquors are being increased by approximately one-fourth to one-third of the existing rates;

(b) On a number of articles on which central excise duties have been imposed, provision is being made for the levy of a countervailing import duty. This is necessary in order that the indigenous producer or manufacturer of these articles is not placed at a disadvantage in comparison with the importer.

Clause 19 seeks to maintain for another year the *status quo* in regard to commitments under the General Agreement on Tariffs and Trade.

Clause 20—

Sub-clause (a) proposes an alteration in the excise duty on kerosene by way of readjustment of rates between the basic and the additional excise duties.

Sub-clause (b) proposes an alteration in the excise duty on motor spirit by way of readjustment of rates between the basic and the additional excise duties.

Sub-clause (c) seeks to make certain clarificatory amendment in respect of the definition of Sugar.

Sub-clause (d) seeks to amend the tariff relating to tyres to provide for specific rates of duty in respect of tyres and tubes for cycles.

Sub-clause (e) (1) seeks to amend the tariff relating to cotton fabrics consequential upon the imposition of an excise duty on silk fabrics.

Sub-clause (e) (2) seeks to make certain clarificatory amendment in respect of cotton fabrics not otherwise specified.

Sub-clause (e) (3) proposes to omit the *Explanation* to enable the imposition of an excise duty on staple fibre fabrics.

Sub-clause (f) is consequential upon the proposal to levy duty on silk fabrics and on fabrics made of staple fibre.

Sub-clause (g) proposes to levy an excise duty on silk fabrics.

Sub-clause (h) proposes to re-number Item No. 12B as Item No. 12C.

Sub-clause (i) proposes an increase in the permissible limit of the excise duty on tea from 19 nP. per lb. to 30 nP. per lb.

Sub-clause (j) seeks to amend Item No. 17 relating to footwear so as to enable duty being levied on component parts of footwear also.

Sub-clause (k) proposes an increase in the rates of excise duty on electric fans and parts of fans.

Sub-clause (l) proposes an increase in the excise duty on electric lighting bulbs and fluorescent lighting tubes and also seeks to include certain other types of lamps within this Item.

Sub-clause (m) proposes an increase in the excise duty on batteries and parts of batteries.

Sub-clause (n) seeks to rationalise the tariff relating to paper board.

Sub-clause (o) proposes an alteration in the excise duty on refined diesel oils and vaporising oil by way of readjustment of the rates between the basic and the additional excise duties and also an increase in the excise duty by 25 *naye paise* per imperial gallon.

Sub-clause (p) proposes an alteration in the excise duty on diesel oil, not otherwise specified and furnace oil by way of readjustment of the rates between the basic and the additional excise duties.

Sub-clause (q) seeks to amend Item No. 27 relating to motor cars so as to enable excise duties being levied at varying rates on all types of motor vehicles.

Sub-clause (r) proposes to levy an excise duty on cycle free-wheels and rims; internal combustion engines; electric motors and parts thereof; cinematograph films, exposed; aluminium ingots and certain semi-manufactures of aluminium; tinplate and tinned sheets and pig iron.

Clause 21 seeks to include silk fabrics in the definition of 'cloth' in the Khadi and Other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953.

Clause 22 seeks to make certain amendments in the Additional Duties of Excise (Goods of Special Importance) Act, 1957, consequent upon the clarificatory amendments proposed in the definition of cotton fabrics under clause 20(e)(2). It also seeks to re-number Item 12B as 12C.

Clause 23, like section 31 of the Finance Act, 1959, provides that salt shall be duty free for another year.

FINANCIAL MEMORANDUM

The Bill seeks to levy new excise duties on—

1. Aluminium.
2. Parts of cycles.
3. Internal combustion engines.
4. Electric motors.
5. Cinematograph films, exposed.
6. Tinplate.
7. Pig Iron, and
8. Silk Fabrics.

The Bill also provides for levies on certain types of motor vehicles and parts of footwear hitherto not excisable and on staple fibre fabrics. These levies will necessitate the employment of some additional staff. The increase in staff together with incidental expenses of administration is estimated to cost Rs. 7.94 lakhs per annum.

I. VOLUME OF WORK

There are about 500 units which are now to be brought under excise control.

II. REQUIREMENT OF PERSONNEL AND FINANCE

	No.	Annual emoluments	Cost
<i>A. Officers :</i>			
Assistant Collectors	2	2 × 11,600	23,200
Superintendents—			
Class I	3	3 × 9,300	27,900
Class II	6	6 × 6,720	40,320
<i>B. Staff :</i>			
Deputy Superintendents (E)	35	35 × 4,800	1,68,000
Inspectors	56	56 × 2,820	1,57,920
Sub-Inspectors	44	44 × 1,884	82,896
Dy. Superintendents (M)	2	2 × 4,800	9,600
Head Clerks	9	9 × 3,575	32,175
Upper Division Clerks	26	26 × 2,568	66,768
Lower Division Clerks	37	37 × 1,884	69,708
Stenotypists	4	4 × 2,124	8,496
<i>C. Incidental expenses :</i>			
Incidental expenses including Class IV Staff, contingencies, etc.			1,06,800
TOTAL			7,93,783
			or Rs. 7.94 lakhs

M. N. KAUL,
Secretary.

